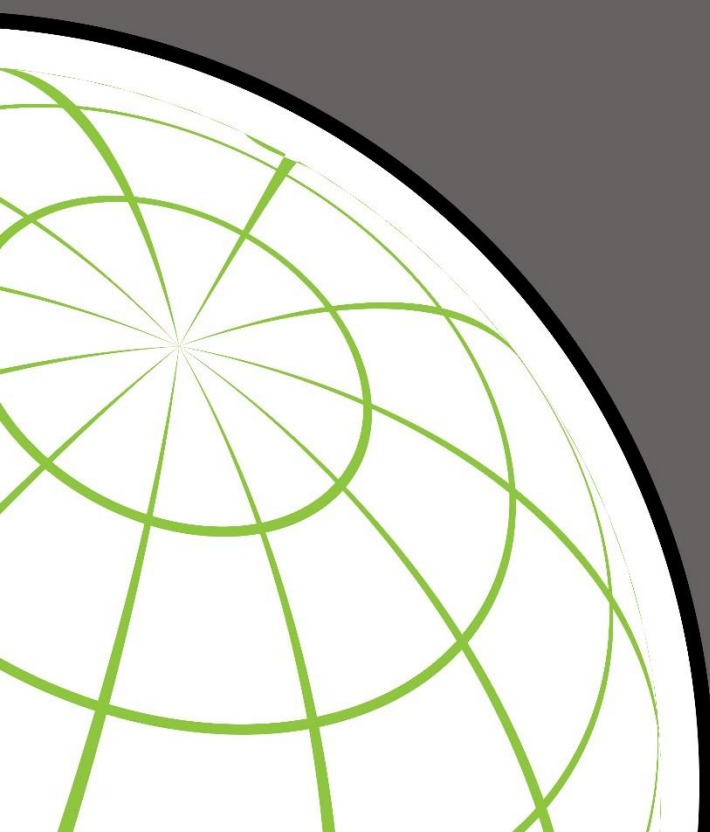


CONNECT ■ COMPETE ■ GROW



2016 GEORGIA LOGISTICS SUMMIT



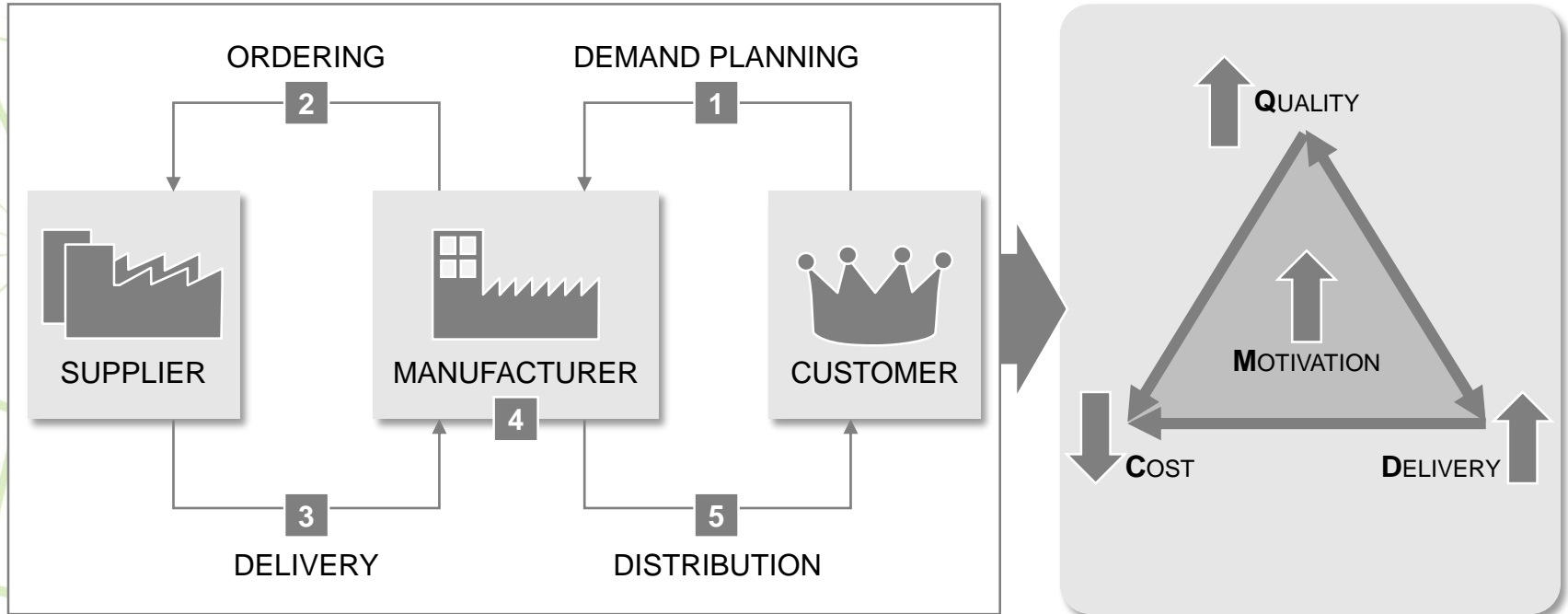
Roundtable 3a

Assembling Logistics Success for Manufacturing

Assembling Logistics Success for Manufacturing

- For the first time in 25 years, manufacturing in the US is showing sustainable signs of growth.
- This success is due to innovative supply chain management techniques linking customers, manufacturers and suppliers.
- Reacting effectively to volatile market conditions has given all of them a critical edge over foreign competition.
- Despite this level of growth, one can't afford to take the foot off the gas pedal.
- Just as our products keep getting better and better, so must the ability to get parts from suppliers to manufacturers and deliver products to customers.
- Supply chain management is a dynamic process that requires constant attention and innovation.
- Join us for three stories of industry innovation and success.

Schematic supply chain and overall goal





Jeff Sweeney
East West Manufacturing



Randy Woody
Manufactured Assemblies Corp.



DeLores Ross
Mitsubishi Hitachi Power Systems



Leigh Ryan
World Trade Center Savannah



Tim McNulty
Swan Transportation



Jeff Tindel
Heatcraft Refrigeration Products



Norman Firchau
Porsche Consulting
MODERATOR

Customer Needs + Goals

- Cost-optimized supply chain
- Assembled in USA
- SKU flexibility
- Quality managed from start to finish



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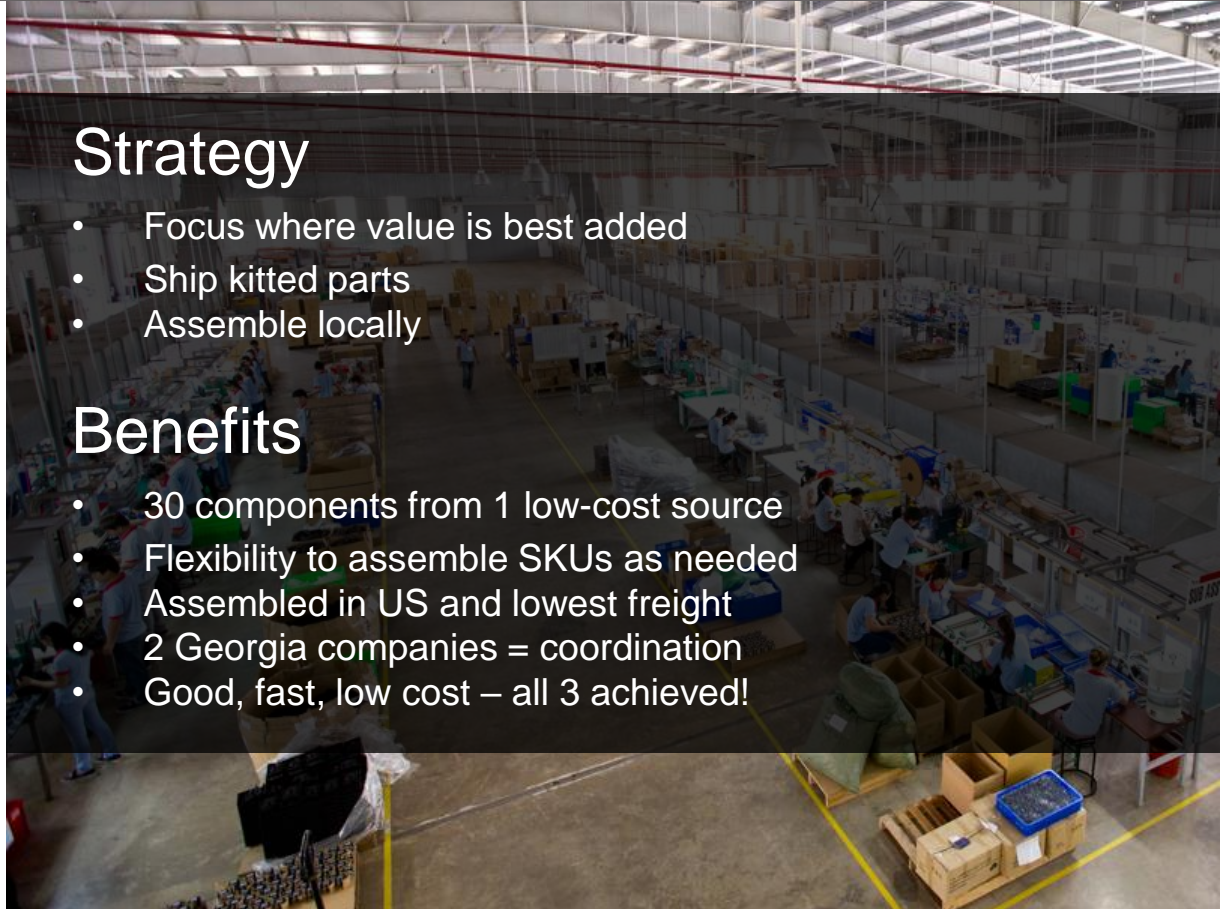


Strategy

- Focus where value is best added
- Ship kitted parts
- Assemble locally

Benefits

- 30 components from 1 low-cost source
- Flexibility to assemble SKUs as needed
- Assembled in US and lowest freight
- 2 Georgia companies = coordination
- Good, fast, low cost – all 3 achieved!



Results + Impact

- Cost, quality, delivery all optimized
- 35,000 units sold annually
- 20+ Georgia jobs at MAC
- 5+ Georgia jobs at East West
- Increased Georgia exports
- 25% market share increase in 2017





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MHPSA SAVANNAH MACHINERY WORKS



Mitsubishi Hitachi FTZ Benefits

- Improved cash flow from deferral duty
- Realized savings from the inverted tariff
- Zone to zone transfers
- Elimination of duty on goods for export
- Duty elimination on scrap and waste
- Flexibility of zone to grow with expansion

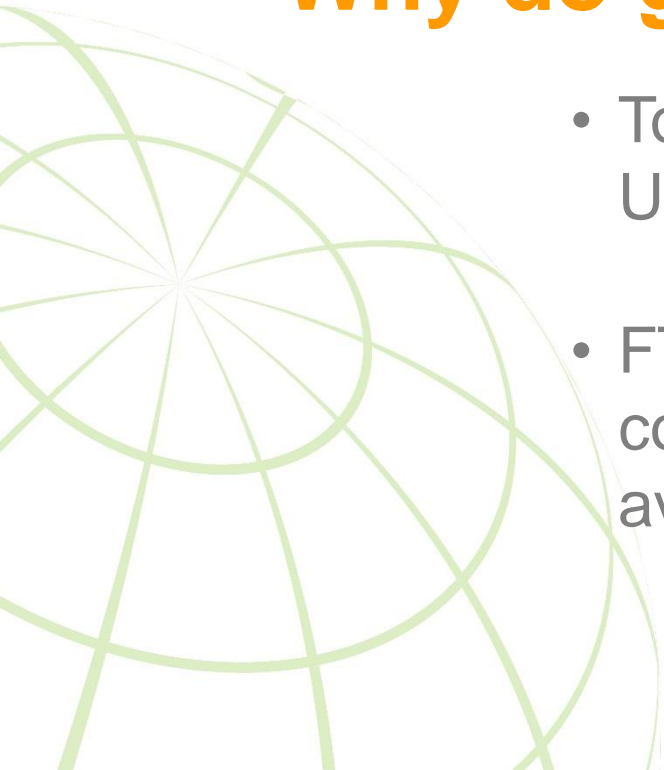
What is a Foreign-Trade Zone?

- A restricted-access site that is considered outside of the U.S. Customs territory
- Where merchandise may enter the FTZ without payment of Customs duties
- Where merchandise can be warehoused or manufactured in a duty deferred/free environment



Why do global companies use FTZs?

- To maintain the cost competitiveness of their U.S. based operations.
- FTZs provide an opportunity to avoid certain costs associated with a U.S. location that are avoided when operating from a foreign site.





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Porsche Consulting
MODERATOR

Heatcraft Refrigeration Products (HRP) & Swan Transporation (Swan) partnership

Objective

Offset rising cost pressures & truckload capacity constraints

Background

- Highly time-sensitive, construction site deliveries
- Risks = store openings, crane, crew, etc.
- Multiple stakeholders such that POC may be 3 or more steps removed from sold-to customer; e.g.
 - Heatcraft sold-to customer a supermarket OEM (cases/systems)
 - Key stakeholder being supermarket chain (e.g. reg. construction mgr.)
 - Next stakeholder being GC (general contractor)
 - Last stakeholder (POC) being mechanical contractor

Change


Before (passive)

HRP allowed Swan no negotiation authority to change P/U & delivery dates due to legal and binding order confirmation provided to sold-to customer

After (active)

HRP allows Swan to negotiate site delivery dates with POC toward load consolidations (multi-stops), HRP gains sold-to customer approval and re-confirms (SAP output) order

Process

- 
- HRP tenders all truckload 7 days in advance of P/U need date
 - Trained Swan team identifies consolidation candidates, primarily flatbeds
 - Swan team negotiates delivery dates with POCs
 - Swan logs all contact, communication, and agreements in their database (accessible for HRP employees)
 - Swan communicates revised delivery dates to HRP
 - HRP gains sold-to customer approval and re-confirms order to customer

Success factors



- Trust/partnership (Swan/HRP, HRP/customers)
- Swan software (RubberDuck)
- Planning time (7-day advance tenders minimum)
- Trained Swan team aided by POC communication script & guidelines (delivery changes must add no cost nor inconvenience for ANY stakeholder)
- Shipper (HRP) responsiveness/flexibility
- Multi-channel, fluid communication
- Development (Swan) of carrier base agreeable to multi-stops
- Incentives (savings share) – HRP to Swan, and Swan to Swan employees

Results

- HRP load consolidation savings from \$400K/yr (passive) in 2013 to \$800K/yr in 2015
- Relief on strained industry capacity (e.g. driver shortage)
 - 325,622 transit miles saved in 2015
 - 450 (14%) annual transits and billings saved
 - Further assurance on peak season load coverage





QUALITY

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VOLVO

Schematic supply chain and overall goal

